



Budget Update Summary

Information Item

FY 2005/06

The DTS budget for FY 2005/06 is \$239.4 million. Total expenditures for the fiscal year are projected at \$212.9 million for an estimated unexpended balance of \$26.5 million. Personal Services expenditures are estimated at \$65.1 million for an unexpended balance of \$3.2 million in this category. Operating Expenses and Equipment expenditures are estimated at \$147.8 million for an unexpended balance of \$23.0 million in this category.

Of the total estimated savings of \$26.5 million, \$18.8 million (71% of the total savings) is in the Data Processing and Equipment line items. This savings is consistent with historical expenditure patterns in these line items since expenditures are not made unless there are specific customer needs for service that necessitate procurement of hardware and/or software.

The expenditure totals are an estimate of the fully accrued expenditures that will be included on the FY 2005-06 accounting statements which will be prepared this summer. This estimate reflects the DTS policy of only expending funds needed to meet operational requirements – not simply because budget spending authority is available.

The following table provides a more detailed estimate of projected expenditures by line item.

FY 2006/07

The DTS FY 2006/07 proposed budget was approved by both the Senate and Assembly budget subcommittees on May 17, 2006. Since the versions approved by each house match, DTS has no Conference Committee issues.

The approved budget is 807.2 positions (766.9 person years) and \$237.070 million. These budget amounts are composed of the original Governor's Budget submission less the May Revision consolidation savings reduction of 8.7 positions (8.3 person years) and \$1.091 million.

**DEPARTMENT OF TECHNOLOGY SERVICES
EXPENDITURES AS OF MAY 31, 2006
AND FISCAL YEAR PROJECTIONS**

(\$ IN THOUSANDS)

	Budget	Expenditures	Encumb.	Projection	Total	Balance	% Obligated
PERSONAL SERVICES							
PERMANENT POSITIONS	52,435	43,958		3,997	47,955	4,480	91.5%
TEMPORARY HELP	505	552		50	602	-97	119.2%
OVERTIME	1,174	369		74	443	731	37.7%
STAFF BENEFITS	16,878	14,772		1,343	16,115	763	95.5%
SALARY SAVINGS	-2,622	0				-2,622	
TOTAL PERSONAL SVCS	\$68,370	\$59,651		\$5,464	\$65,115	\$3,255	95.2%
OPERATING EXP/EQUIP							
GENERAL EXPENSE	1,403	588	161	243	992	411	70.7%
PRINTING	474	42	38	20	100	374	21.1%
COMMUNICATIONS	751	585	301	0	886	(135)	118.0%
POSTAGE	38	16	2	2	20	18	52.6%
TRAVEL: IN-STATE	413	206	19	49	274	139	66.3%
TRAVEL: OUT-STATE	119	61	13	6	80	39	67.2%
TRAINING	3,845	1,434	1,381	110	2,925	920	76.1%
FACILITIES OPERATION	14,186	11,806	2,557	0	14,363	(177)	101.2%
UTILITIES	2,343	1,685	328	44	2,057	286	87.8%
CONSULT & PROF SVCS-INT	2,815	1,602	747	119	2,468	347	87.7%
CONSULT & PROF SVCS-EXT	11,662	5,216	3,578	605	9,399	2,263	80.6%
DATA PROCESSING	94,329	70,798	12,760	1,542	85,100	9,229	90.2%
CENTRAL ADMIN SVCS	4,120	3,118		1,002	4,120	0	100.0%
EQUIPMENT	34,552	7,612	3,563	13,825	25,000	9,552	72.4%
TOTAL OPERATING EXP	\$171,050	\$104,769	\$25,448	\$17,567	\$147,784	\$23,266	86.4%
TOTAL EXPEND	\$239,420	\$164,420	\$25,448	\$23,031	\$212,899	\$26,521	88.9%



BUDGET STATUS CHARTS

The fiscal information displayed in the budget expenditures and fiscal year projection table is graphically illustrated in the following four charts. For each type of expense listed on the charts, the annual budget, expenditures through May, encumbrances posted as of May, projected expenditures, and estimated unexpended balances are shown. The first chart displays the major categories of Personal Services, Operating Expenses and Equipment, and Total Expenditures. The second chart divides Personal Services into the components of Permanent Positions, Temporary Help/Overtime, Staff Benefits, and Total Personal Services. The third chart displays all Operating Expense and Equipment components except for Data Processing and Equipment. The fourth chart displays Data Processing and Equipment.

MAJOR CATEGORIES

This chart displays the Personal Services, Operating Expenses and Equipment, and Total Department categories. For each category expenditures and encumbrances posted in the accounting system are displayed along with a projection for the remainder of the year. As shown on the chart, Personal Services expenditures are projected at \$65.1 million which results in estimated savings of \$3.2 million. Operating Expenses and Equipment expenditures are projected at \$147.8 million which results in estimated savings of \$23.3 million. These two categories total to Department projected expenditures of \$212.9 million and an estimated savings of \$26.5 million.

PERSONAL SERVICES

Permanent position expenditures were projected through the end of the year using the average of the expenditures posted for the month of April as the base and including an allowance for hiring activity not currently reflected in the expenditure data. Based on accumulated expenditures through May and the projection for the remainder of the year, the total expenditure estimate for Personal Services is \$65.1 million which results in an estimated savings of \$3.2 million in this category.

OPERATING EXPENSE LINE ITEMS, CHART 1

This chart displays all operating expense line items except for Data Processing and Equipment which are shown on the next chart. Moving these two items to a separate chart makes the data on this chart more readable because the scale needed to accommodate the Data Processing item compresses the display of these other line items.

As indicated on the chart, there are no anticipated over expenditures in these line items. Because of lags in expenditure posting, actual expenditures in these line items



generally do not follow as consistent an expenditure pattern by month as Personal Services. For example, charges to DTS from service agencies such as the Department of General Services may not be billed for one to three months in arrears. Another example is Central Administrative Services which is the state pro rata the DTS pays to the General Fund for its share of the costs to the General Fund for the Legislature, the State Controller, the Department of Finance and other service agencies funded from the General Fund. These costs are charged to the DTS support appropriation by journal entry from the State Controller.

OPERATING EXPENSE LINE ITEMS, CHART 2

This chart displays the two line items which comprise 75% of the Department's operating expense and equipment budget. Data Processing primarily represents hardware/software maintenance, software purchases, and network costs. Equipment primarily represents hardware purchases of processing capacity, storage capacity, and connectivity hardware.

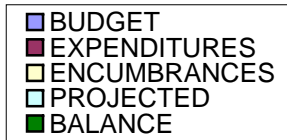
These two are mainly expended in support of customer services and provide the spending authority needed for DTS to establish and maintain the technical infrastructure and respond to customer service level needs. Current expenditures and historical expenditure patterns were used to project the total expenditure levels in these two line items.

Data Processing expenditures are projected at \$85.1 million for an estimated savings of \$9.2 million. Equipment expenditures are projected at \$25 million for an estimated savings of \$9.6 million.

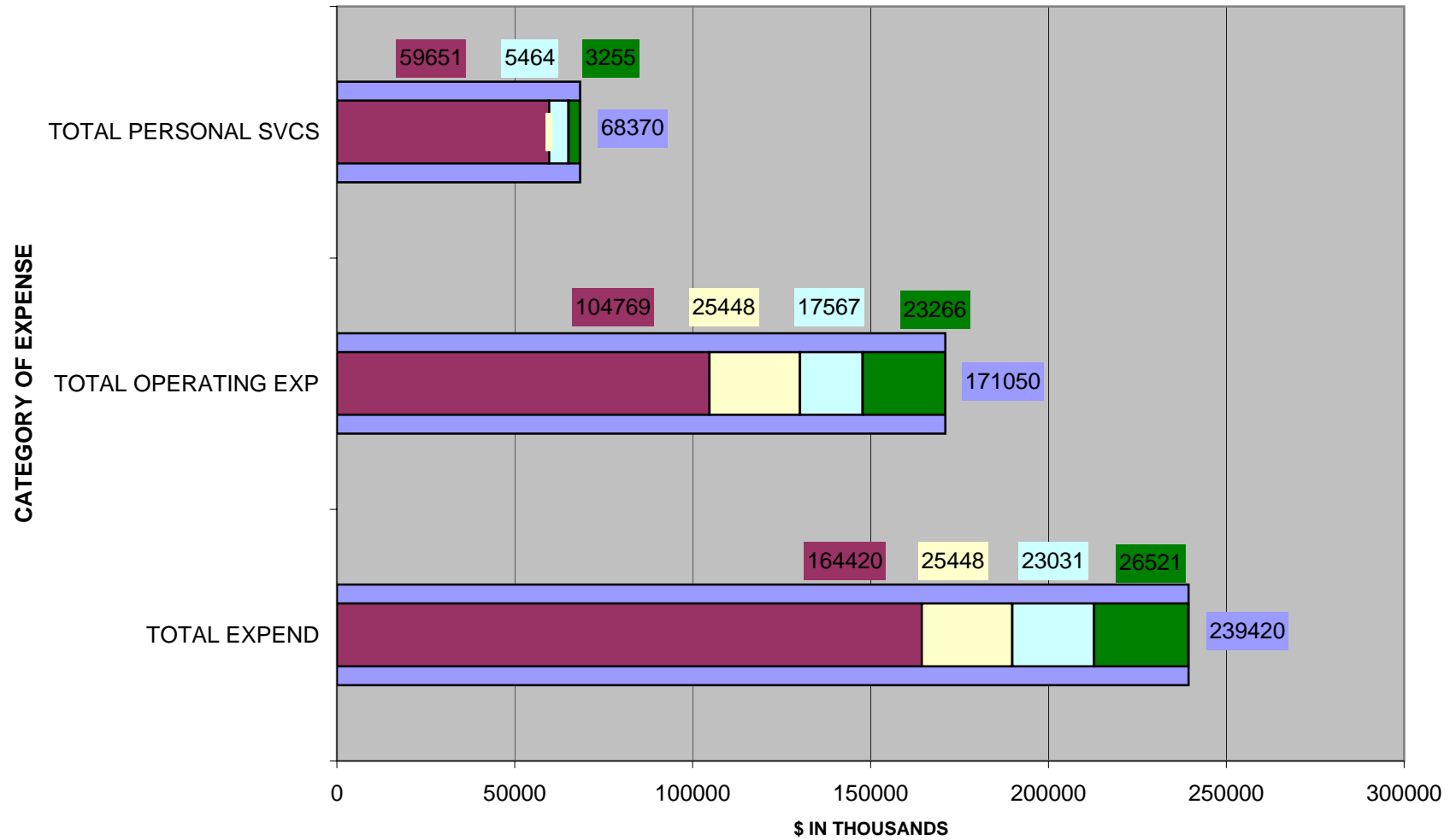
CASH BALANCE as of JUNE 15, 2006

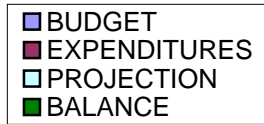
The Revolving Fund Cash Balance Statement as of June 15, 2006 is \$39.1 million. The 60-Day Working Capital for DTS is \$29.5 million.

DTS' Accounts Receivable is \$60 million which is a typical Accounts Receivable Balance. Accounts Receivable continues to be an issue for DTS. DTS continues to work diligently with customers to get payment processed timely. Our currently authority includes the option for customers to participate in the direct transfer program. Unfortunately, the large majority of customers do not participate.

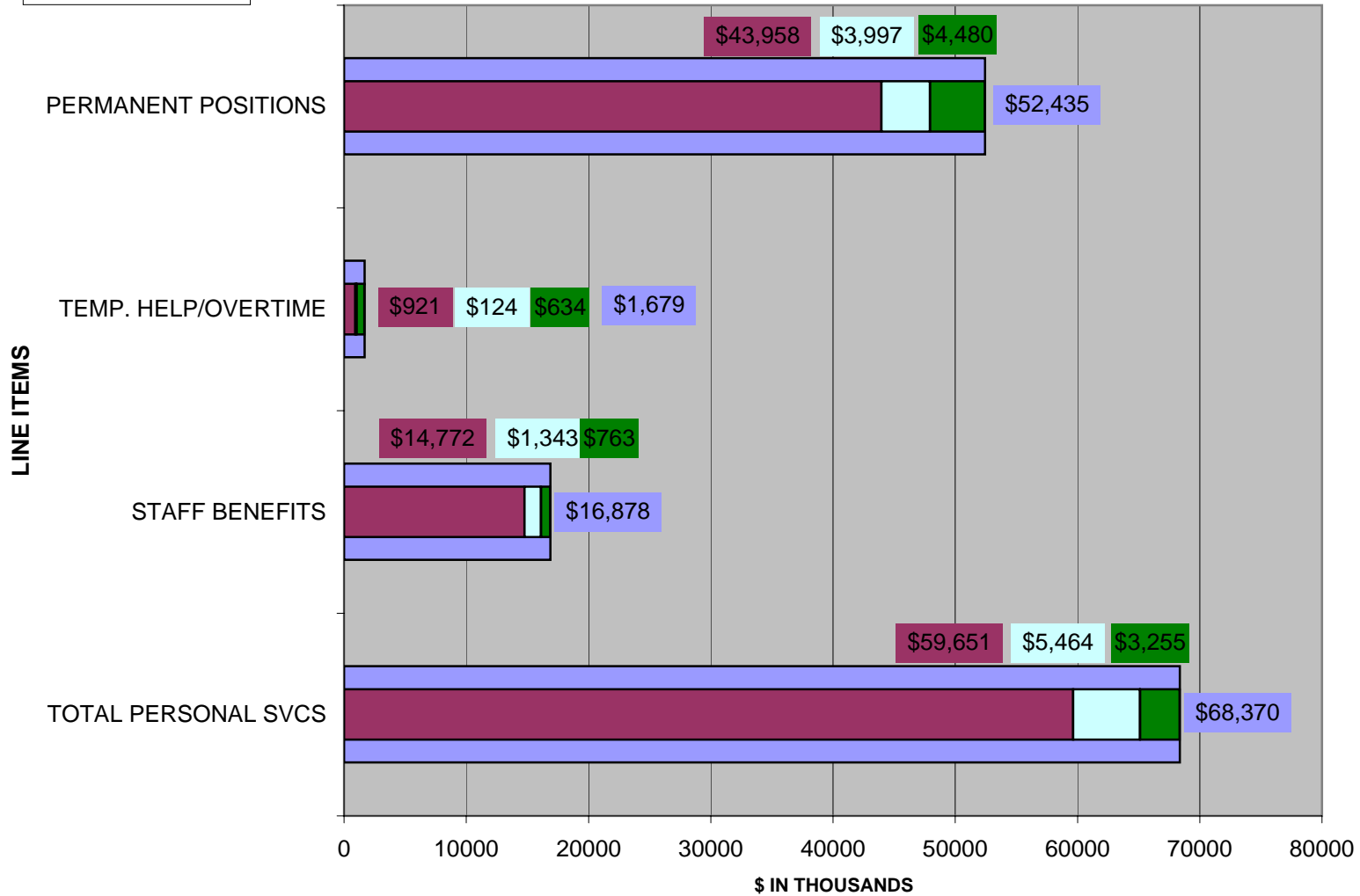


DTS 05/06 BUDGET EXPENDITURES MAY 31, 2006 MAJOR CATEGORIES

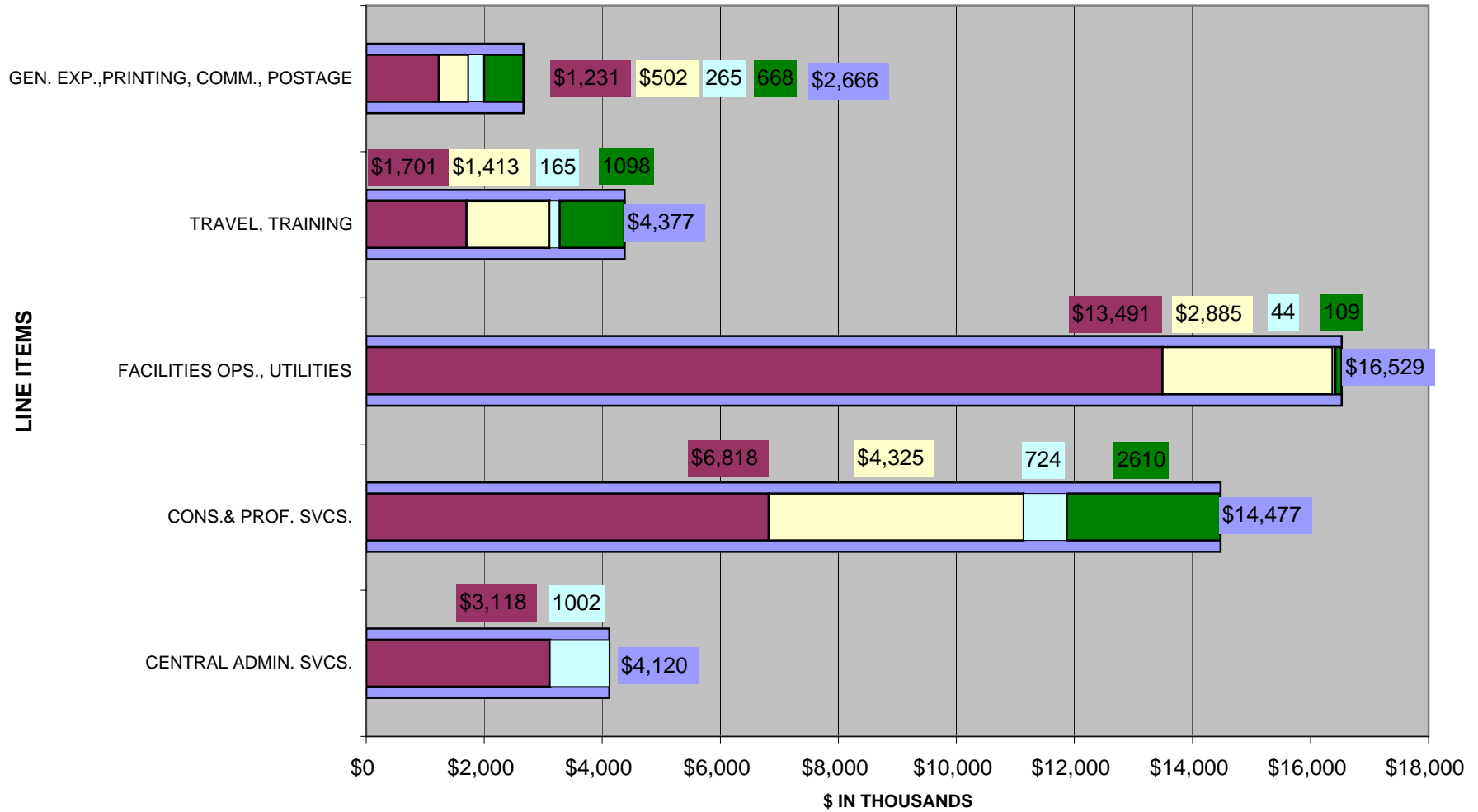
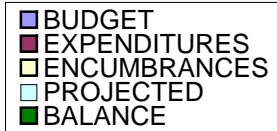




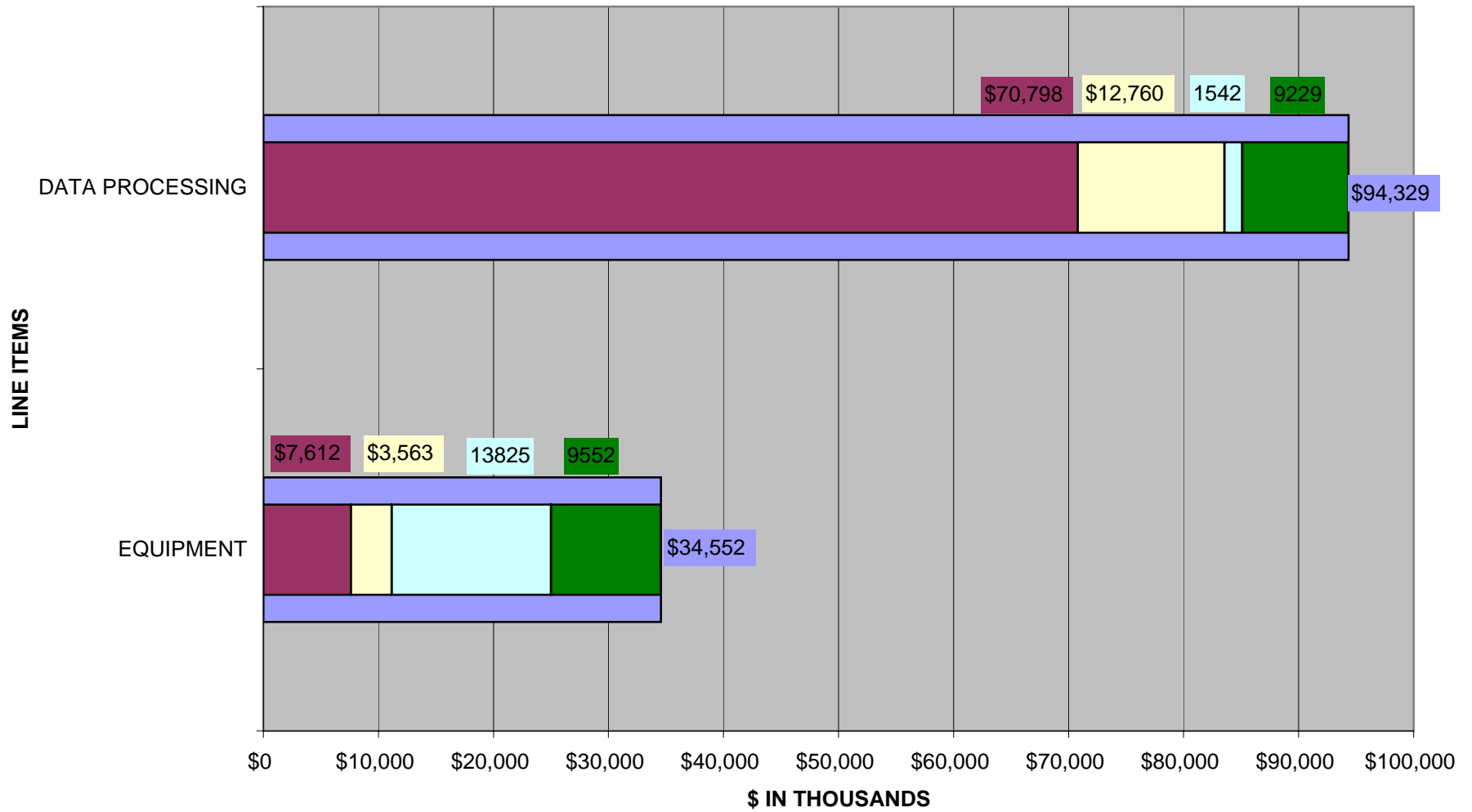
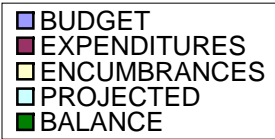
DTS 05/06 BUDGET/EXPENDITURES
MAY 31, 2006
PERSONAL SERVICES



**DTS 05/06 BUDGET/EXPENDITURES
MAY 31, 2006
OPERATING EXPENSE LINE ITEMS CHART 1**



**DTS 05/06 BUDGET/EXPENDITURES
MAY 31, 2006
OPERATING EXPENSE LINE ITEMS CHART 2**



**DEPARTMENT OF TECHNOLOGY SERVICES
REVOLVING FUND CASH BALANCE
AS OF JUNE 15, 2006**

Revolving Fund Cash Balance June 15, 2006				\$ 47,090,688
	Revenues			
		Deposits	\$ 168,925	
		Direct Transfers	4,280,720	
		Client Refunds		
		Interest Revenue		
		Total Revenues		4,449,645
	Expenditures			
		Claim Schedules	12,359,506	
		Payroll		
		Direct Transfers (Includes bond payment)		
		Pro Rata		
		Total Expenditures		12,359,506
Revolving Fund Cash Balance June 15, 2006				\$ 39,180,827
	Adjustments			
	1410.0001	Loan to General Fund		
	1730.0512	Prepayment -SCIF Deposit	51,163	
	1730.0666	Prepayment - DGS SRF	2,598,000	
		Allowable Reserve - 60 day working capital	29,473,187	
		Total Adjustment	.	32,122,350
Revolving Fund Adjusted Cash Balance June 15, 2006				\$ 7,058,477
	Accounts Receivable	\$ 59,986,912		
	Accounts Receivable over \$1 million			
	Dept. of Health Services	\$ 18,000,000		
	Social Services	\$ 12,700,000		
	SCO	\$ 3,138,846		
	Board of Equalization	\$ 2,695,294		
	Child Support Services	\$ 2,200,000		
	Dept. of Transportation	\$ 2,102,055		
	Dept. of Mental Health	\$ 1,400,000		
	State Teachers Retirement	\$ 1,191,043		